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Vancouver's Taxation Problem

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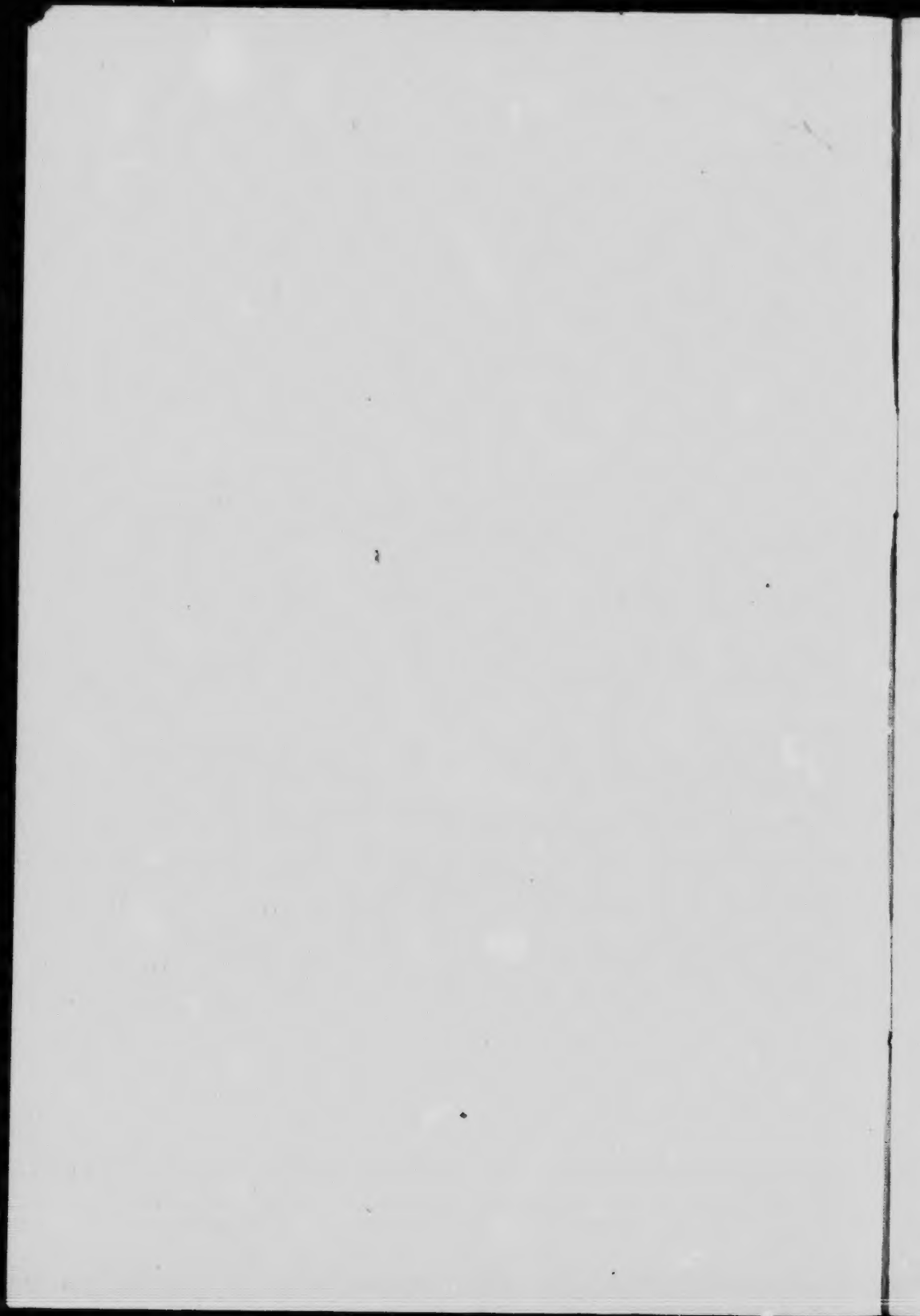
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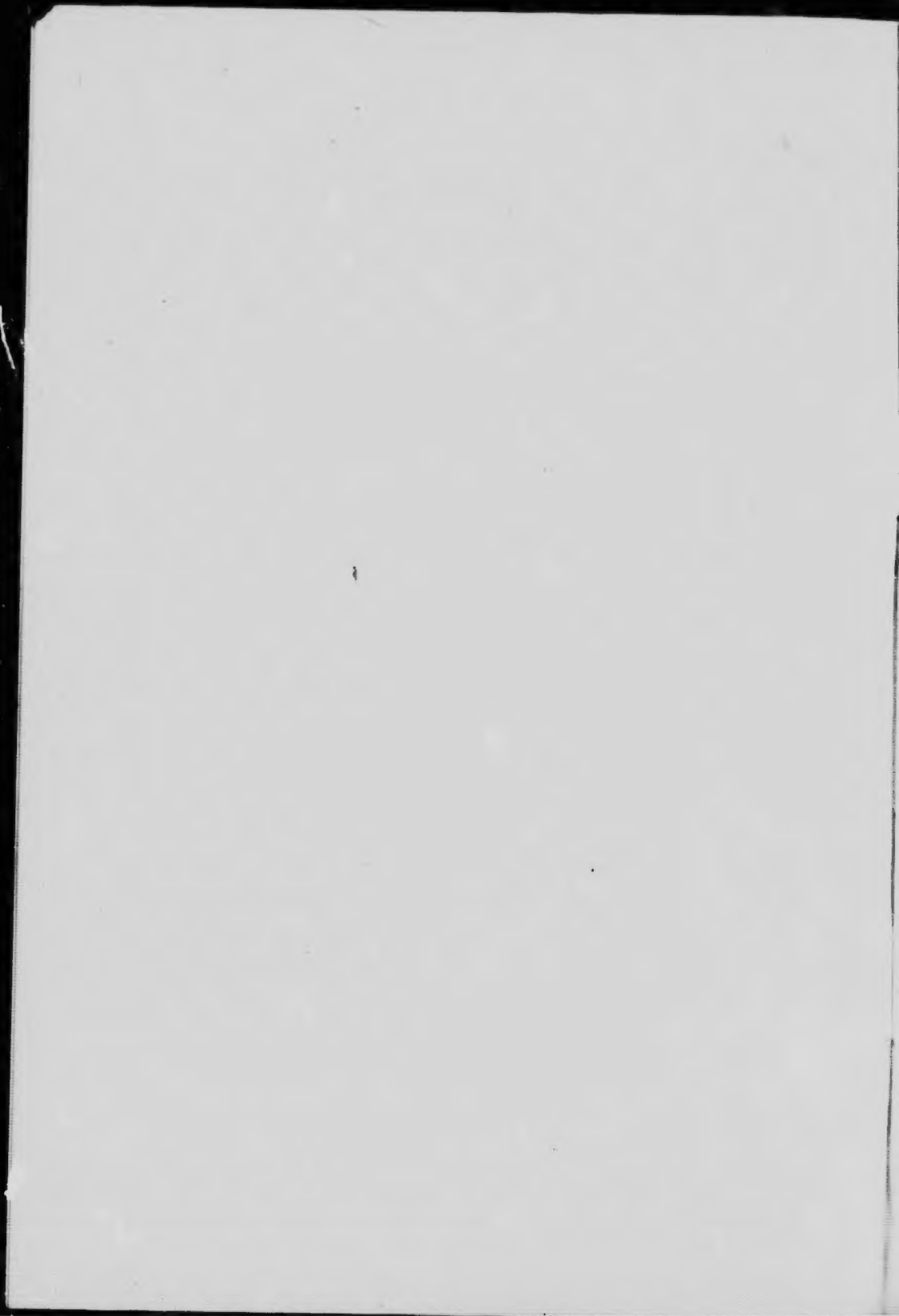
PREFACE

THIS small pamphlet is respectfully dedicated to the powers that be, both Provincial and Municipal. After an experience of over thirty years as a student of municipal affairs, having at some time or other during that period occupied almost every office in one or another municipality, as Alderman, Clerk, Treasurer, Assessor and Collector, having been continuously solicitor for some municipal corporation for over twenty-five years, including the City of Victoria for the years 1910 to 1912, and the Union of British Columbia Municipalities from 1912 until this date, and having, since 1912, been retained in a great many cases before the courts of last resort as counsel for various ratepayers, I venture to submit these articles (first published in "The Sun") as a solution of the taxation problems of the municipalities, which will meet the needs of the present situation.

Needless to say, I do not claim that it is the only solution or remedy, but, having given the problem more continuous study from a more varied standpoint than many other persons, I do claim that the solution proposed, if enacted in a carefully drawn measure, would enure to the benefit of the province and the municipalities, ease the burden to the ratepayers of carrying the present financial obligations, and will enable those things to be done for the children, educationally and physically, and for the child-bearing mother, that, under present conditions, seem financially impossible of accomplishment.

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Vancouver's Taxation Problem

By F. A. McDIARMID.

Article I

The action of the ratepayers of Vancouver city in negating all the bylaws submitted by the city council again raises in an acute form the whole problem of the city's taxation powers. Some very harsh criticism of the ratepayers has been made, and part of the criticism has shown no differentiation between the ratepayers and the inhabitants of the city.

It seems to me that one of the first considerations to be dealt with in seeking any light on this taxation problem is to fix clearly in our minds just what we mean when we say "Vancouver." If we mean by "Vancouver" this beautiful tract of land on Burrard Inlet and English Bay, with all its immense wealth—its situation as the Pacific terminal of two transcontinental railway systems—headquarters for the Australian, Japanese, Chinese and pan-Pacific trade, its industries, its shipbuilding, its workers in iron and brass, its workers in lumber and woods of all descriptions, its shops of goods, wares and merchandise, second to none, superior to many in the Dominion; its healthy, industrious people, more contented than most—in short, its busy industrial and commercial life, then Vancouver is a wealthy city, a large and populous city; a city of wonderful achievement and still more wonderful promise of inevitable growth. But if you mean by "Vancouver" the corporate entity, what have you?

You have a corporation worth \$205,000,000, the assessed value of its land and improvements, with a fixed debt of \$35,000,000, or 17 per cent., a floating debt of \$6,000,000, or nearly three per cent., and this floating debt is increasing from year to year as the city endeavors to collect taxes from a source which cannot pay.

The city levied taxes of \$2,775,595.64, and collected only \$2,521,055.28, and went behind \$1,254,540.36.

What have you?

The corporation collected in 1918:

Taxes	\$2,521,055.28
License fees and rentals, etc.....	318,738.81
Government grant for schools....	209,841.00

Or an income of.....\$1,963,509

And the schools took.....\$1,047,722.52

And the interest and sinking fund
took 2,165,906.08

Or a total of\$3,213,638.60

And left a deficit in these items alone of....\$164,003.51

Where were the salaries of the city officials, the police, the firemen? Where did the money come from for lights, for street sweeping, for parks, for maintenance of roads and bridges, for law suits, and Charter amendments, for the prevention and detection of crime, for the administration of justice, for the upkeep of the market, for the fighting of the influenza, for grants in aid of relief, for the care of the sick, for the charges of the Kamloops hospital? All added to the floating debt, charged upon what? On the land and the buildings on the land in the area covered by Vancouver city, except that part of the land owned by the Dominion or provincial governments, or by the harbor commissioners, or by the city itself, and upon nothing else.

Suppose this corporation was a private corporation or company and its balance sheet as above were taken into court, and it was shown that the total revenue for every year since 1913 had been taken for schools and interest and sinking funds—and it had supported itself by borrowing money from year to year, and it had no other way of raising any money than those it had tried for seven years, and found ineffectual. Would not any judge order it into the hands of a liquidator?

But it is not a private company, and cannot go into liquidation. It must carry on.

The only judge one can appeal to is the government, and year after year application for relief has been made, but the judge says "No. We will give you no more, but we will increase your burdens." And they do. Then, is it not about time that the owners of the corporation, the ratepayers, should say, "Any person trying to borrow more money under the present conditions is foolish."

Article II

The assessment of land and improvements, real estate, is one and inseparable. There can be no such thing as assessment or the imposition of a tax upon the land alone, unless the land is vacant. The tax must be placed upon the land and the building thereon, or otherwise the building could not be sold when the land tax was in arrear, and the land could find no purchaser unless the right to use the building went with the title. The land, building and fixtures may be taxed at the value of any one or more of them, but the tax is always upon all, and all appear upon the assessment roll.

Now the city statements show that the value of the real estate in the city is over 90 per cent. now of the amount it was at the highest peak of the boom days before the war. The assessment roll says so. Real estate was valued then at \$226,000,000; now at \$205,000,000.

Is there any person in the city who will assert that these figures represent a fair assessment of "the actual value of land and improvements as they would be taken by a creditor from a solvent debtor," which means if the debtor offered cash in hand, or real estate at its assessed value, would the real estate be taken? Would any creditor in the city look at it?

The fact is that, on account of many causes, the city fathers kept up the assessed values. They had no choice under the existing legislation. Their choice was between a fixed assessed value regardless of what the real estate was worth, being careful only to see that each one was fair with its neighbor, and a low rate of taxation, 22 to 24 mills on the dollar, or letting the assessment go down to the amount of the year before the boom commenced, say 1909, when it was 72 millions, and putting on a rate of 75 mills, or \$7.50 per \$100.00 of the assessed value.

The two things are equal—226 millions at 24 mills equals 72 millions at 75 mills, and if 72 millions really was or is the value of the property, then, however disguised, what the property owners have been attempting to carry since 1914 is a load of \$7.50 on every \$100 of value, or seven and a half per cent.

The disguise was justified. Told straight out to the people, the ruin caused would have been incalculable. But, after all, it is quite questionable whether any permanent good ever comes out of disguises. If the people had been faced with the issue then the present crisis would have come then; the remedy is and was then in the legislature, and a crash then, might

have brought remedial legislation that seems so hard to obtain now.

However that may be, the result is certain. At the end of 1914 there was one-half million dollars unpaid taxes; at the end of 1918 there was five and one-half million dollars arrears. In 1919 the city took over property, vainly attempting to sell it at tax sale for one and one-quarter millions of arrears. The city has it yet. And the arrears still stand at over five million.

Why do the ratepayers turn down the bylaws? Just because seven and one-half per cent. on the actual value of their holdings, or 4 per cent, or even 3 per cent., is too high a price for civic government and civic improvements.

Article III

Vancouver has come to the place now where any increase of the population is a positive danger to the ratepayers.

After struggling along with their office buildings, stores, apartment houses and residences all during the war, with rents nowhere, certainly not sufficient to pay the taxes, with its men away to the war, in 1919 there came an increase in the population of approximately 20,000 people. The results were immediately apparent. The offices, stores, apartments and residences filled up. Rents soared. The landlords ask and obtain good, and in some cases high rents. They say they have a lot to make up. Residences commenced to sell. Not, indeed, at boom prices, but at some prices, enough to let some land owners unload. (Note: the city don't care whether John Jones or John Smith owns the land. It's on the assessment roll whoever the owner.)

Now rents are as high as anyone dare put them, with the high cost of living; that can only go so high before the tenant must leave.

Now let us say that 25,000 additional people come here in the next year, which would mean 5,000 families. They must be housed. Vancouver has no more housing accommodation; 5,000 houses must be built. The land is already assessed at full boom prices. Nothing can be added to that, but there will be added 5,000 buildings at, say, \$4,000 each. Place that on the assessment roll and you have \$20,000,000 assessment, and at 24 mills you have \$480,000 additional taxation.

What is on the other side of the ledger? Five thousand families will mean 10,000 children of school age. Each child costs \$100 per year. The first item is

\$1,000,000 extra expense. Add to this—extra lighting, extra streets, improvements, extra garbage collection, extra health precautions.

Is it not an intolerable state of affairs that what is needed and wanted in the worst way, more population, is the very thing which the city corporation cannot financially stand.

Our schools are crowded unbearably, our hospital accommodation is exactly what Dr. McEachern says it is. Our residences are crowded. Our office buildings are crowded. Our apartment houses are crowded. Our rents are the highest obtainable. And a new population of 25,000 people will break the city. Why? Because the taxation is on the wrong shoulders.

Who benefits by the increase of population? Not the land owner, whether he resides in his own house or not. Not the office building owner, or the apartment house owner. He couldn't in his conscience ask much more rent. The people who benefit are the business men, wholesale and retail merchants, the lumbermen, the fisheries, the thousand and one industries that make this city of Vancouver—as distinguished from the city corporation—so prosperous and well to do. But these bear no part of the city burden. They pay to the provincial government, who use the money, as their public accounts show. But all Vancouver corporation gets out of it is \$209,000, the government school grant.

Add to the municipal assessment roll a fair, well thought out assessment on the business interests and then watch an increase of 25,000 population literally pull the city out of the hole. They will be then to the city corporation precisely and exactly what they will be in any case to the business and industrial life of the city.

Article IV

Certainly no amount of destructive criticism is worth anything. The proof of everything anyone can say stares everybody in the face: Civic indebtedness piled too high; neglect of ordinary maintenance of streets; no accommodation for school children; no accommodation for the care of the sick; arrears piled on arrears of taxes; real estate accumulating in the hands of the city, which, taken off the assessment roll, adds to the burden of the rest. All this is true to the knowledge of everybody, including the government, and the only virtue there is in mentioning it at all is in order to point out a remedy and the reason the plan proposed will be a remedy.

In order to have a remedy at all we must realize the real condition, which is that the provincial government and the legislature and, to a very large extent, the electors also, persist in thinking of a municipality as the collection of individuals living within the municipal limits, and treating the matter from that angle.

This is only partly so. It is true that the voters' lists for mayor and council comprise a large number of persons over and above the list of property owners who vote on money bylaws. But the real municipality consists of the land alone. The proportion is \$3,775,595.64 or, counting in local improvement taxes, \$4,386,379.95 to \$65,012.60.

What interest has the land and the buildings thereon in police protection? They cannot be stolen. Or in school children, or in hospitals? They do not add to the value of the land. What does it matter to the value of Point Grey land, for instance, that its inhabitants do their business in Vancouver—get all their income in the city—dominate the social and the business and the industrial life of Vancouver, but own their properties outside?

Yet every time¹ the provincial government feel that something ought to be done, for instance, in the treatment of tuberculosis, and later in venereal disease, they say "Fine! We will enact legislation to provide for treatment of these, and the municipality will bear the expense." To put the matter cold-bloodedly, brutally, if you will—what does it matter to Vancouver City Corporation that John Jones dies of tuberculosis or any other disease? His land, if he has any, still remains, somebody gets it, and perhaps is better able to pay the tax than Jones was.

But it does matter to the untaxed and at present untaxable, business and commercial interests. It matters a whole lot that Jones is first educated in schools, kept fit and well, doctored if he is sick, nursed back to health, kept in a state of economic efficiency. It matters a whole lot to the community life that research work and discovery work should go on in our hospitals, for every person sick or disabled by any preventable accident or disease costs the community, the province, a very great deal of money. Take the epidemic of "flu," for example. It never hurt the land or the buildings, but it did paralyze the industries of B. C.; prevented stocks of goods from arriving; prevented them being sold, or delivered on time; closed down altogether some industrial plants, destroyed the economic efficiency of the whole province, and all it cost was

borne by the people who paid the bill, simply because they happened to be the owner, resident or non-resident, of some parcel of land in Vancouver, or some other municipality.

Well, then, the remedy must lie in allowing the community to pay for community service. At present they cannot share. There is no legislation allowing Vancouver corporation either to tax them or to accept gifts from them.

Then the next question is, by what method? Well, there are three methods at least, any one of which might work. But before introducing any of them—let me point out what will not work.

First, the occupancy tax, asked for last year by Alderman Kirk. It is no permanent solution, and never was advocated by Mr. Kirk as such.

While I was advancing reasons and arguments for a permanent solution, which I will develop later, Alderman Kirk, with a clearer idea of what it might be possible to obtain, was advocating the occupancy tax, not as a complete relief, but as the best he could hope to get from the minister of finance and the prime minister.

The occupancy tax is all right as far as it goes. **But it will not raise sufficient moneys.** It will raise some—perhaps a quarter of a million, but Vancouver needs at once permanent arrangements for at least one and a half to two millions per annum more to cope with the present requirements, those which are now pressing and those we know will be pressing before 1921 is over.

Does that look big? Well, ask the city comptroller how much per annum we are running behind now. Then ask the city engineer how much he needs for ordinary maintenance of streets, for the replanking or whatever he proposes to do for Kitsilano streets, for bridges for the traffic over False Creek, and ask him how soon he needs it for very safety's sake—to prevent a catastrophe.

Then ask the fire chief what he ought to have in cash, extra, per year, to keep his brigade up to concert pitch and provide for adequate protection and prevention of fires.

Then ask the school board what they really need to cope with the situation developed and developing.

Ask Dr. MacEachern how much he could usefully use for the care of maternity cases, for the care of the sick, and for research work to prevent sickness developing.

When you get the sum total of these look at our statutes for 1920 and see that Vancouver can levy a poll tax of \$5.00 on everybody residing in the city who does not pay \$5.00 some other way, aggregating perhaps \$10,000 per year, and 10 per cent. on amusements, aggregating perhaps \$50,000 per year.

If the legislature knew what it was doing, these statutes are a most insulting answer to a most legitimate demand, treating what is a desperate financial situation in a spirit of levity. And if it didn't know what it was doing, then somehow or other they must be taught the real facts.

The Conservative party platform is open to the same objection. It offers a share of the auto taxes. All right. But, just like the others, doesn't touch the real gist of the matter, will not give relief, simply because no person has yet invented a mathematical formula that will allow one to take the place of one hundred.

Article V

The first remedy which, in my opinion, would prove effective would be one founded on the principles that those benefitted should pay, namely, that the administration of the province should wholly take over and operate, and pay out of provincial taxation for the maintenance of, schools and hospitals.

With these two services placed upon the shoulders of those to whom they rightly belong, the municipalities, including Vancouver, could attend to those duties of local administration out of the real property tax.

The conscience of the people in modern times has changed materially from its attitude of the older days. Then, and there are still some who think so, the person or persons who are responsible for bringing a child into the world are responsible ever after, and at all times, for that child, to the exclusion of any other person. The son of a laborer followed the labors of his father, and as an education could not make him much better as a laborer, therefore why educate him? His father could not, and the state made no provision. The son of an artisan followed the labors of his father, and the law was strict to lay a claim on the father to duly apprentice the boy and give him a trade. The son of the landed gentry was sent to the public school, to Oxford or Cambridge, toured the continent (in other words, was duly educated), and then a rotten borough was found for him and he settled down to govern the country.

But this is all changed; modern people decry this doctrine. We say, and we rightly say, that it is a shame for one to be content with the state and estate into which it has pleased God to allow him to be born. That every child is, of right, entitled to an education, to fit himself better for that which he is best able to do. That every child is entitled to be born of healthy persons, in healthy surroundings, to live under the best possible sanitary conditions, and to be educated to the best possible advantage.

Now why do we say this? Because we realize that healthy children are, of all things, the best asset we can have, for all purposes. They insure the future, they make for economic success. We constitute ourselves trustees for the future of our country, and the country gains immensely by the fact that ninety per cent. of those we educate stay at home or, at least, under the flag. But when I say "we" in this connection, I mean the state, the Dominion of Canada, whose citizens we are, or, at least, the province. A municipal corporation is too small a body, too locally circumscribed to be regarded as the trustees. It is the body of citizens as a whole. Once the idea of trusteeship for the future is held, then you are at once far beyond the bounds of any local patriotism. Look at our province, men educated in the little red school house of Ontario, Quebec, New Brunswick and Nova Scotia have held nearly every important post in this province for years. Their fathers paid the price that B. C. might be established. Education should be national. But that cannot be, on account of our peculiar constitution under the "B. N. A. Act," so, by that act, this jurisdiction is turned over to the province. It is perhaps too late to challenge the legal right of the province to pass the trusteeship on to the local municipality, although strong argument might be made that such legislation is *ultra vires*. But there is no moral right. And, particularly, there is no justice in passing it on and denying to the municipality the right of taxing the very things which benefit by the education of the child. Either the citizens as a whole are responsible for the child, or the one man who is the child's father is. There is no middle ground possible.

The same argument, for precisely the same reasons, applies to the health of the community. Health conditions are not bounded by local boundary lines. An epidemic of typhoid or influenza or cholera is not stayed by a notice board on Shaughnessy Heights, "Here Commences Point Grey." It is strictly a community affair. Hospitals, too, are not, and never can

be, local. A sign, "We admit Vancouver patients only," would be pulled down immediately it was put up.

Therefore, one way of remedy is plain and is based upon sound economic grounds, to which I venture to say that no answer can be given.

Article VI

Another means affording a permanent remedy would lie in the formation of a county, and the transfer to the county of education, health and police, with taxation powers over personal property, primarily, supplemented by an occupancy tax.

British Columbia lends itself, physically, to a county system. In this peninsula there is one place, not too far up, where Burrard Inlet and the Fraser River are but four miles apart. Let everything west of that be a county. Victoria, Oak Bay and Saanich and Esquimalt are practically one, physically. You can hardly tell where one begins and the other ends. So far as education is concerned, Duncan and North Cowichan have joined already. Armstrong and Spallamacheen are joined. Chilliwack city and district are joined. They conduct schools and arrange taxation between them.

The sewers of the lower mainland are under joint control and legislation now. The water system might also well be.

So far as the police are concerned, why should Vancouver land owners, whose land no person can steal, protect, at a cost of thousands of dollars annually, the citizens of their own and all the mainland municipalities, and their non-taxed goods, by stationing a force of detectives on the wharves to head off and turn back crooks and criminals? This is another sample of the province turning over its own duties to the municipality, just to escape paying the price out of the treasury of the province.

Now, in the working of this county system, there are plenty of examples. There is the London county council system, which has given splendid results. The county system of Ontario is familiar to all of us who were educated there. The county and city of San Francisco is familiar to many, and so is that of the county and city of Los Angeles. While, for a more elaborate system, the one in vogue in and around Cleveland and the relations between Chicago and Cook county, make for interesting comparisons.

I have not thought of going into details. Details

are necessarily modified from time to time in the building up of any scheme to suit local prejudice, to smooth over local tin gods whose pride brooks no fall—or for many other reasons.

But, in the main, the scheme would be for a large central county council serving without pay, a small working executive with pay, either elected at large throughout the county, on the P.R. system or another, or elected by the various councils from each municipality, to take charge of the matters mentioned; supersede the Vancouver and District Sewerage Board; take over the General Hospital, and take over the duties now devolving on the various school boards and the various commissioners of police.

Notice, there would not be a power taken from the city council.

I presume that the mode of constituting the county council would depend on whether or not the county instituted its own collection system. If it did, then direct election ought to be made; if not, and it simply taxed the municipalities concerned, as they do in Ontario, then the various municipal councils might appoint.

However, that is all in the working out. It will relieve the pressure on the land owner, so far as it ought to be relieved in fairness. It will enable the city to carry on indefinitely, and it will give the schools and hospitals what they so urgently require without unfairness to any other interest.

Article VII.

The third remedy is to leave things as they are, so far as the duties of the municipalities are concerned, but give to Vancouver and to the municipalities the right to tax all the personal property within their limits, for mutatis mutandis, with the exception only of the strictly rural municipalities, all the cities and suburban municipalities are in just as bad a financial corner.

It is the experience of every city and suburban municipality in this province, that the citizens must have at once, and by large borrowings have largely obtained, the comforts and luxuries of municipal life, which in the older provinces have only been obtained little by little from year to year. But it is also the experience of every city in the older provinces and every city on the North American continent that it cannot live and pay its way on the taxes arising out of

land and improvements. This is the only province of the Dominion in which the municipality has practically nothing to tax in relief of the land tax, e. g.

British Columbia.—Real-property tax; road tax; licence fees.

Alberta.—Rural—Land tax; licence fees. Urban—Real property- tax; personal property tax; business tax; income tax; licence fees.

Saskatchewan.—Rural—Land tax; licence fees. Urban—Real-property tax; business tax; income tax; tax on special franchises; licence fees.

Manitoba.—Real-property tax; personal property tax; income tax; poll tax; trade licences.

New Brunswick.—Real-property tax; personal property tax; income tax; poll tax (one-sixth of total); trade licences.

Nova Scotia.—Real-property tax; personal property tax; income tax; poll tax; trade licences.

Quebec.—Land tax; tax on traders' merchandise; tax on tenants (eight per cent. of rental); licences; poll tax.

Ontario.—Real-property tax; business tax; tax upon gross receipts of telegraph and telephone companies; trade licences, and in Toronto an additional income tax.

The financial balance sheets and city charters of the American cities show that a very large and substantial portion of the revenue of a city comes from other taxes than those upon land and improvements, and that in nearly every instance, land and improvements are assessed at their full valuation, and not, as with us, with improvements taxable only at fifty per cent. of their valuation. For instance:

Boston, Mass.—The receipts of this city are almost \$41,000,000 and the land and improvements tax is \$25,000,000 of this.

Buffalo, N.Y.—The amount necessary for the maintenance of civic government is \$15,703,099.39; the amount received from real estate taxes, which includes improvements, is \$10,361,790.40.

Charleston, S. C.—The taxation rate is 33 mills; if it had to be put upon land and improvements only it would be 54 mills.

Cleveland, Ohio.—Out of a total revenue of \$13,000,000 a little less than \$5,000,000 is raised from land and improvements.

Montreal, Quebec.—Out of a total revenue of \$13,000,000 only \$6,000,000 is raised upon land and improvements.

Philadelphia, Penn.—The total receipts are almost \$53,000,000 of which land and improvements bring almost \$29,000,000.

Portland, Oregon.—Over a third of the total taxation is raised from other sources than land and improvements.

Quebec, Que.—The total revenue was \$1,452,292.42, while that from land and improvements was \$637,293.60.

San Francisco, Cal.—Their rate of taxation is \$2.40 per \$100; if it had to be raised altogether upon land and improvements it would be \$7.98 per \$100.

And so on, through the list.

The dominant factor would appear to be that the larger a community grows, the heavier become the demands of the inhabitants of the community for services which can best be supplied by the community as a whole, and the higher, naturally, the charges that have to be made on the community for this supplying of community services, and the larger the city, the less chance it has of supplying these services out of the available income arising from the possession of land and the improvements thereof.

What is standing against this? First is the minister of finance, and in this voicing the expressed determination of the government he says, "I cannot and will not give you any source of revenue now on the provincial sheets." Now it is beyond question that any alteration in the powers of municipal taxation must necessarily interfere with the collection of the provincial income. It is entirely out of the question, and beyond range of possibility to say that the government will readjust the taxing basis of the municipalities of the province, but will not touch any of the sources of the income which the province possesses or alter them in favor of the municipalities. The very statement is a contradiction in terms, and the statement of an impossibility.

Therefore, to get what is needed is first to break down the opposition of the honorable minister.

I quoted to him the motto hanging over his head in his own room: "It is better to deal out justice than to consider what is expedient." What I am advocating is just and expedient. Just because it will enable the municipalities to obtain from their citizens a fair measure of even handed taxation, in which each will

bear his proportionate share, which is not the case at present, and expedient because the province cannot afford to permit, much less to keep legislation in force which will compel any other municipality to suspend payment.

"What does it profit a man to gain the whole world and lose his own soul?"

What will it profit the province to continue to take the taxation on Vancouver's personal property; spend it on roads and bridges in the interior and north country, or even the Fraser valley, and bring the place which is the outlet of all these roads into the hands of a receiver? How can a province expect consideration in the money markets of the world, expect to have any credit in financial circles if its principal city must needs borrow money to pay its civic salaries from day to day?

"An ounce of prevention is worth a pound of cure."

And the second thing against its adoption is, of course, no one wants to be taxed. But I do not know Vancouver if they do not prefer the health and safety and education of their little ones above the saving of a few dollars of which they have escaped payment so long.

Doctor MacEachern said the other day, he didn't blame the government, he blamed the ratepayers. I hope if he has done me the honor of reading these articles that he sees that the only responsibility is on the government and nowhere else, as it was on McBride's and Bowser's governments, before this one was elected.

What then should or can be done to move these public men and woman in the legislature? Only one thing, the pressure of a united public opinion. The legislature never leads, it follows public opinion, usually a long way behind at that.

The suggestion I have to make is for the city council to start now on its charter amendments for next year and not wait for next year, and then bring up at the beginning of the session new measures without perhaps sufficient consideration, and certainly without public opinion in support. I am of opinion some united public thought should be given to attempt to put in force either one of these three schemes, or some other scheme which will work better.

I think the first impossible of attainment, the second might be wrecked as too radical a change on the rocks of personal ambitions or jealousies, but in my opinion is the best of the three. The third is obtainable if the city council, Vancouver ratepayers, school board, Pa-

rent-Teacher associations, board of trade, trade and labor councils, hospital board and other public bodies can be united on the scheme. The city council can organize one or more meetings for discussion and this or any other scheme can, after being adopted, be kept before the people and the ministry by a permanent organization, which can last until the session is over.

Article VIII

One of the reasons why I am of opinion that a solution is to be found along the lines of the creation of a County Council administering all matters of education, health and police, and raising its revenue directly from a tax on personal property, leaving the land tax for the use of the municipality, lies in the present position of the financial markets.

The money borrowed by municipalities is usually in the last analysis the money of the widow and the orphan in the strictest sense of the word. Investments in municipal bonds are usually made on this continent by the large life insurance companies seeking an absolutely safe investment for their policy reserves.

The municipality deals with brokers only, but sooner or later the debentures usually turn up in the hands of some insurance company. These people are very cautious in their dealings. Their attorneys from day to day follow closely all the laws of the states and provinces. No change is made in the taxing system, however minute, but it is noted, weighed, and its effect watched. This is not only true of the Toronto and New York markets, but even more so applies to the London market. The solicitors there are always on the watch, and they do certainly measure up their price on bonds by reference, among other things, to the idea which they have of the city's general credit.

Now let me put this question. If the ratepayers had voted the \$1,500,000 debentures at six per cent., the late defeated bylaws called for, and Mayor Gale were now attempting to market them, what could he expect to receive?

The buyer could, on the 8th of June last (which is the latest London Times I have seen) purchase on the London Stock Exchange, City of Vancouver 100 pound four per cent. securities for £59 10s. What does that mean? Exchange is running in our favor; \$550 of our money would, on that date, buy \$1,000 Vancouver securities payable 1942. Now, an investor or the insurance companies receives \$40 interest on each \$550 each year or 7.27% on his money. In addi-

tion to this he would receive \$1,000 for his \$550 at the end of twenty-two years or \$20.45 per annum or 3.7% per annum on his investment, which yields him 10.97% on his money.

Why these pawnbrokers' prices? Simply because the financial world does not like our single tax ideas, does not like our taxing basis being confined to land and improvements. That is the only explanation which will account for the fact that securities of cities not so rich or populous, or of such good prospects, obtain very much higher rates. (See the quotations on Edmonton, Calgary, Winnipeg, Montreal and Halifax in the London Times. All higher than ours).

I am of opinion that a bond issue of a county of Vancouver based on a taxation of personal property would sell to me at better advantage.

First, because it would have no odious comparison of prices with previous issues. Second, because I believe that \$500,000,000 of personal property could be assessed in Vancouver county, if you take in everything, stocks of goods, wares and merchandise, rolling stock of railways and trams, including trucks and autos, moneys on deposit in the bank, household goods and furniture, 2½% beer, Scotch and rye in cellars, and everything else, not real property, and if that figure would stand, then a rate of six mills on the dollar would raise about \$3,000,000, which would pay handsomely for all that was needed to accommodate the extra children, to care for the sick and disabled, and to enforce the laws of the land, including the Prohibition Act.

And, third, because a consolidation would undoubtedly tend to a more efficient, if not a more economical administration. I do not believe in economy which means cheeseparing on less than living wages, but I do believe in the economy which consolidates offices when one man in a larger area can do the work of one and a half or perhaps two.

In concluding this series, Mr. Editor, let me say that I appreciate very much the fact that what I have attempted to set forth will run the gauntlet of a lot of criticism; that new methods are not to be tried out just because one would think they would form a better method. But that a new method must be used is self-evident. We must try something, because we cannot go on as we are. Therefore, if all the public and quasi public bodies could be got together to appoint a committee of all interests to draft something tangible, then these ideas of mine, so far as they seem wise to public opinion, may have been worth something.